

**FY23 Budget Performance Review  
State Auditor & Inspector Agency 300**

Lead Administrator: Cindy Byrd, State Auditor & Inspector

Lead Financial Officer: Lisa Hodges, Deputy State Auditor, CFO

**Agency Mission**

**Division and Program Descriptions**

*Note: Please define any acronyms used in program descriptions.*

**16 - Administrative Services**

Internal agency operation including accounting, budget, human capital management, policy, and general administration.

**26 - Local Gov't Services**

Local Government Services includes the County Audit Division which serves county elected officials and residents through an independent audit of receipt and disbursement of county funds. This division also audits Emergency Medical Service districts, District Attorney offices, and conducts county treasurer reviews to ensure available revenues reconcile with stated account balances. County Management Services advises county officers on matters regarding procedural and technical issues related to accounting and budget procedures. Investigative Audit Services assists the Governor, Attorney General, District Attorneys, governing bodies, and citizens (by petition) by conducting investigative audits of public entities in which fraudulent activities, waste or abuse of public assets is suspected or alleged to have occurred.

**36 - State Agency Services**

State Agency Services consists of the following programs: Financial Audit Services to audit the State of Oklahoma's Annual Comprehensive Financial Report (ACFR) (instrumental to support the state's bond ratings and the Single Audit), and to conduct the Single Audit to meet mandates for the receipt of federal funds; Performance Audit Services to improve state agency operations and aid those responsible for initiating corrective action; and Information Services to provide IT auditors and support for the statewide auditors. EGID audit services provides oversight for the state employee's insurance group.

**46 - Special Services**

Special Services consists of the following programs: Quality Assurance and Audit Review, Continuing Professional Education, Horse Racing and Gaming Audit Services, Board of Equalization Support, Oklahoma Natural Resources Revenue Division, and Pension Commission Support.

**FY'22 Budgeted Department Funding By Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
1600001	Administration	\$222,986		\$29,003			\$251,989
1600002	Support Services	\$516,576		\$216,232			\$732,808
2600201	County Management Services	\$119,323		\$2,000			\$121,323
2600202	County Audit Division	\$932,605		\$4,645,228			\$5,577,833
2600203	Special Investigative Unit	\$265,675		\$748,565			\$1,014,240
2600205	DA-EMS Audit Division	\$131,579		\$458,228			\$589,807
3600301	State Agency Audit Division	\$757,358		\$2,279,359			\$3,036,717
3600302	Performance Audit Division	\$516,692		\$623,447			\$1,140,139
3600303	Information Services Division	\$358,962		\$1,018,883			\$1,377,845
3600304	EGID Audit Division	\$0		\$156,104			\$156,104
4600401	Quality Assurance	\$134,187		\$7,275			\$141,462
4600402	Oklahoma Natural Resources Revenue	\$63,536		\$409,394			\$472,930
4600403	Horse Racing/Gaming	\$59,563		\$401,453			\$461,016
4600404	Continuing Professional Education	\$111,466		\$151,450			\$262,916
4600405	Board of Equalization/Public Trust	\$109,807		\$47,615			\$157,422
4600406	Pension Trust	\$0		\$115,000			\$115,000
7600701	OSU - County Personnel Training	\$0					\$0
<b>Total</b>		<b>\$4,300,315</b>	<b>\$0</b>	<b>\$11,309,236</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,609,551</b>

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable for each department:

**FY'21 Carryover by Funding Source**

Class Fund #	Carryover Class Fund Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
Carryover		\$1,877,954		\$629,284			\$2,507,238
							\$0

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable:

**Revolving fund balances at 6-30-21 reduced by post FYE expenditures.**

**What changes did the agency make between FY'21 and FY'22?**

**1.) Are there any services no longer provided because of budget cuts?**

No. Reduced appropriations will delay delivery of audit services to counties and state entities that are mandated by statute or the constitution.

**2.) What services are provided at a higher cost to the user?**

No services will be provided at a higher cost to the user.

**3.) What services are still provided but with a slower response rate?**

Despite the use of technological advancements, human capital is required to provide audit services. Limited resources and below market salaries contribute to a high turnover rate. For FY 21, the professional staff turnover rate is 17% and for the whole office 15.04%. Loss of institutional knowledge, skills, and experience means constantly training new hires and slower response rate.

**4.) Did the agency provide any pay raises that were not legislatively/statutorily required?**

The agency recognizes achievement, certifications obtained, and additional duties assumed with bumps in salary. Personnel are unclassified

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and salaries remain significantly below both market and those offered by other agencies that actively recruit our personnel.

**FY'23 Requested Funding By Department and Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change
1600001	Administration	\$222,986	\$0	\$29,003	\$0	\$251,989	0.00%
1600002	Support Services	\$516,576	\$0	\$216,232	\$0	\$732,808	0.00%
2600201	County Management Services	\$119,323	\$0	\$2,000	\$0	\$121,323	0.00%
2600202	County Audit Division	\$1,039,755	\$0	\$4,645,228	\$0	\$5,684,983	1.92%
2600203	Special Investigative Unit	\$265,675	\$0	\$748,565	\$0	\$1,014,240	0.00%
2600205	DA-EMS Audit Division	\$131,579	\$0	\$458,228	\$0	\$589,807	0.00%
3600301	State Agency Audit Division	\$864,507	\$0	\$2,279,359	\$0	\$3,143,866	3.53%
3600302	Performance Audit Division	\$516,692	\$0	\$623,447	\$0	\$1,140,139	0.00%
3600303	Information Services Division	\$358,962	\$0	\$1,018,883	\$0	\$1,377,845	0.00%
3600304	EGID Audit Division	\$0	\$0	\$156,104	\$0	\$156,104	0.00%
4600401	Quality Assurance	\$134,187	\$0	\$7,275	\$0	\$141,462	0.00%
4600402	Oklahoma Natural Resources Revenue	\$63,536	\$0	\$409,394	\$0	\$472,930	0.00%
4600403	Horse Racing/Gaming	\$59,563	\$0	\$401,453	\$0	\$461,016	0.00%
4600404	Continuing Professional Education	\$111,466	\$0	\$151,450	\$0	\$262,916	0.00%
4600405	Board of Equalization/Public Trust	\$109,807	\$0	\$47,615	\$0	\$157,422	0.00%
4600406	Pension Trust	\$0	\$0	\$115,000	\$0	\$115,000	0.00%
<b>Total</b>		<b>\$4,514,614</b>	<b>\$0</b>	<b>\$11,309,236</b>	<b>\$0</b>	<b>\$15,823,850</b>	<b>1.37%</b>

1. Please describe source(s) and % of total of "Other" funding for each department:

**FY'23 Top Five Operational Appropriation Funding Requests**

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Redirect FY 21 appropriated pass through funds \$214,299	\$214,299
<b>Top Five Request Subtotal:</b>		<b>\$214,299</b>
<b>Total Increase above FY-21 Budget (including all requests)</b>		<b>\$ 214,299</b>
Difference between Top Five requests and total requests:		\$0

**Does the agency have any costs associated with the Pathfinder retirement system and federal employees?**

Defined benefit cost not reimbursable by Federal ONRR	FY2021	FY2022	FY2023
	3,919	4,085	4,085

**How would the agency be affected by receiving the same appropriation for FY '23 as was received in FY '22? (Flat/ 0% change)**

Service will be provided at approximately same level.

**How would the agency handle a 2% appropriation reduction in FY '23?**

A reduction in operating budgets will lead to reduced services to citizens of the state. SA&I would have to prioritize audits with deadlines which would significantly delay investigative audits and special request audits.

**Is the agency seeking any fee increases for FY '23?**

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1	NA	

**What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?**

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCP? (Yes/No)
Priority 1	NA	

**Federal Funds**

CFDA	Federal Program Name	Agency Dept. #	FY 22 budgeted	FY 21	FY 20	FY 19	FY 18
15.427	ONRR - Oklahoma Natural Resources Revenue	4600402	472,930	468,274	442,971	409,668	394,541

**Federal Government Impact**

**1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**

This is a contract with the federal government to conduct mineral royalty audits on federal lands in Oklahoma.

**2.) Are any of those funds inadequate to pay for the federal mandate?**

NA

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**3.) What would the consequences be of ending all of the federal funded programs for your agency?**

If we lost this contract, those employees would need to be relocated from their division to another.

**4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**

This is a contracted amount.

**5.) Has the agency requested any additional federal earmarks or increases?**

NA

FY'22 Budgeted FTE							
Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
16	Administration	5		9		3	6
26	Local Gov't Services	27		73.75		60.75	13
36	State Agency Services	18		53		40	13
46	Special Services	4		10		7	3
<b>Total</b>		<b>54</b>	<b>0</b>	<b>145.75</b>	<b>0</b>	<b>110.75</b>	<b>35</b>

FTE History							
Division #	Division Name	2022 Budgeted	2021	2020	2018	2013	
16	Administration	9.00	5.30	5.60	6.00		8.00
26	Local Gov't Services	73.75	57.73	55.20	54.00		57.00
26	State Agency Services	53.00	40.52	42.30	39.00		45.00
46	Special Services	10.00	10.90	10.40	11.00		14.00
<b>Total</b>		<b>145.75</b>	<b>114.45</b>	<b>113.50</b>	<b>110.00</b>		<b>124.00</b>

Performance Measure Review					
	FY 21	FY 20	FY 19	FY 18	FY 17
<b>State Auditor's Office</b>					
Turnover rate percent for professional staff. Goal is to reduce turnover rate to 12% in 2026	17%	13.33%	20.20%	15.00%	15.18%
Percent of staff auditors that maintain 73.5% of billable hours.	100%	100%	100%	NA	NA
Percent of audit working papers and reports that comply with Government Auditing Standards which are used to measure quality.	100%	100%	100%	100%	100%
Staff Auditor salaries compared to the regional average of State Audit Organizations staff auditor salaries as a percentage.(Adjusted using the COLA index) <b>(Retain staff= high productivity and quality of reports)</b>	79.40%	77.50%	70.70%	NA	NA
Number of experienced audit staff with at least two years' experience.	77	72	68	69	72
Percentage of professional staff with a degree and/or professional certification.	89%	90%	89%	89%	89%

Revolving Funds (200 Series Funds)			
Please provide fund number, fund name, description, and revenue source	FY'19-21 Avg. Revenues	FY'19-21 Avg. Expenditures	June '21 Balance
<b>Fund number:</b> Fund name			
<b>Revolving Fund 20000</b>	\$7,902,435	\$7,945,540	\$629,284
			Revolving fund balances at 6-30-21 reduced by post FYE expenditures.